

VZCZCXRO8829
OO RUEHDE RUEHDIR
DE RUEHAD #0045/01 0101427
ZNY CCCCC ZZH
O 101427Z JAN 08
FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0278
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY
RUEHFR/AMEMBASSY PARIS PRIORITY 1016
RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY
RUEHUNV/USMISSION UNVIE VIENNA PRIORITY 0042
RHEHNSC/NSC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 ABU DHABI 000045

SIPDIS

SIPDIS

STATE FOR NEA - GRAY, NEA/ARP
STATE FOR ISN -ROOD, MCNERNEY, ISN/CPI - FOLEY
NSC FOR PAN
ENERGY FOR MOLLY WILLIAMSON, AND GEORGE PERSON
UNVIE FOR SCHULTE

E.O. 12958: DECL: 01/10/2018
TAGS: [ENRG](#) [KNNP](#) [ECON](#) [EINV](#) [AE](#)
SUBJECT: UAE EVALUATING NUCLEAR POWER

REF: 07 ABU DHABI 1021

Classified By: Ambassador Michele J. Sison for reasons 1.4 (b & d).

11. (U) This is an action request. Please see para 12.

12. (C) SUMMARY: The UAE is evaluating the development of peaceful nuclear power. UAE Foreign Minister Sheikh Abdullah bin Zayed Al-Nahyan (ABZ) summoned nuclear supplier states' ambassadors on January 10 to present a white paper and solicit comments before the UAE publishes the paper in February. According to ABZ, the UAE is interested in evaluating a fully transparent nuclear power program that would not lead to additional proliferation risks for the region. ABZ emphasized that the UAE wanted to show the region, "in particular Iran" that "this is the right way to go forward." The UAE is committed to renouncing any domestic enrichment or reprocessing capability in favor of long term arrangements for the secure external supply and reprocessing of nuclear fuel and favors proliferation-resistant designs. His comments track with those heard from other Abu Dhabi government officials. U.S. firm Thorium Power is advising Abu Dhabi on the development of nuclear power and has told us that Abu Dhabi is considering building ten plants and wants to bring plants on line by 2017. Thorium also noted that French firm Arriva is aggressively pursuing a nuclear power deal. We understand that President Sarkozy will sign a nuclear cooperation agreement during his January 15 visit to Abu Dhabi. End Summary

13. (c) uae Foreign Minister Sheikh Abdullah bin Zayed Al-Nahyan (AbZ) summoned Ambassadors from nuclear supplier states (U.S., UK, France, Russia, China, Japan, Korea, and Germany) on January 10 to explain that the UAE was evaluating nuclear power and to stress that the UAE wanted to be fully transparent with its allies and wished to seek their assistance in the program. He stressed that the UAE would take necessary steps to ensure that it pursued a fully transparent program and met all its commitments to the international community and the IAEA. He introduced Hamad Al-Kaabi, the UAE's first (and only) nuclear engineer, as the UAE's lead on the project (bio note para 11).

14. (C) Al-Kaabi explained that the UAE had carefully evaluated projected electricity demand as tripling by 2020 (rough average annual growth of around nine percent), which is slightly higher than the seven and a half percent average annual electricity demand growth the UAE experienced over the

last five years. He stated that the UAE had carefully reviewed the alternatives (hydrocarbon, renewable, nuclear), and concluded that nuclear power made sense on both environmental and economic grounds. The UAE will ensure that any pursuit of nuclear power will be done in a completely transparent fashion. The UAE commits to ratifying and enforcing all major international non-proliferation instruments (including the IAEA Additional Protocol to the Safeguards Agreement and the NSG export guidelines) and international safety instruments (including the IAEA Convention on Nuclear Safety).

15. (C) The UAE will renounce any domestic enrichment or reprocessing capability and to developing the security infrastructure to protect nuclear facilities and materials. The UAE is also committing to introducing a comprehensive national legal framework covering all aspects of nuclear law and establishing an independent and effective regulatory authority empowered to implement the highest standard of regulation and safety management across the sector. The UAE will require help from the UAE's allies, ABZ emphasized. As a first step, the UAE is seeking comments on its white paper (via the Ministry of Foreign Affairs) before it goes public in February. (Note: White Paper has been scanned and e-mailed to desk, ISN, NSC - Pan, and Department of Energy. End Note.)

16. (C) AbZ then explained that the UAE would evaluate all feedback seriously. He noted that the UAE planned to publish the white paper in February and hoped to receive comments before then. ABZ added that the UAE was prepared to invest considerable sums in this project over the next few decades and hoped that it would be seen as a model. "To be frank,"

ABU DHABI 00000045 002 OF 003

he added, "we want to show the region, but in particular Iran, that this is the right way to go forward." He stressed that the UAE would enlist government-to-government assistance and request technical cooperation from the IAEA and other non-governmental bodies. He emphasized that the UAE would do its utmost to fulfill obligations to the IAEA and the international community, as well as to the UAE people.

Additional Background

17. (C) On January 7, Ambassador met with Thorium Power President Seth Grae and Vice President and former U.S. Ambassador Dennis Hays to discuss Thorium's contract with the Emirate of Abu Dhabi to evaluate nuclear power. Grae explained that Abu Dhabi was interested in moving forward as quickly as possible to evaluate the feasibility of nuclear power. Abu Dhabi, he stressed, wanted to move quickly. Given supply constraints, a short delay on the front end of a project could lead to long delays later in the project. He explained that Thorium's role was to provide advice on regulatory matters and on setting up a safe, transparent nuclear power program, which would not contribute to proliferation and would not have an enrichment capability. Grae also stated that the UAE would also be interested in investing in Thorium.

18. (C) According to Thorium, Abu Dhabi is evaluating a number of sites in the UAE with a goal of building 10 reactors (at a cost of USD 6 billion each). Due to power grid considerations, Thorium believed that 1,000 MW reactors made the most sense, although he noted that French Company Arriva was pushing 1,600 MW reactors. Abu Dhabi's goal is to bring initial power plants on line by 2017. Grae gave his impression that Abu Dhabi was moving out ahead of the GCC program, out of a belief that the GCC would move at the speed of its slowest member. He also noted that Abu Dhabi officials did not seem to understand that "nuclear power was different" and needed much more lead time to bring on line.

19. (C) Grae also stressed Abu Dhabi's interest in developing

a peaceful nuclear program and avoiding any indications that it would pursue nuclear weapons capability. He emphasized Thorium's close cooperation with the U.S. Department of Energy's non-proliferation office. Grae also explained that the French company Arriva was actively pushing for business in Abu Dhabi. He explained that under French law, French nuclear fuel is reprocessed in France, but then the plutonium is shipped back to the owner of record (i.e., Abu Dhabi). He stressed that Thorium would share information with the U.S. government, but that Arriva would be a black hole. (Note: We understand that the French plan to sign a nuclear cooperation agreement with the UAE during President Sarkozy's January 16 visit to Abu Dhabi. End Note.)

¶10. (C) Comment: Despite having the fifth-largest proven gas reserves in the world, the UAE is not producing enough gas to meet its current power needs and is facing massive increases in power requirements to meet ambitious development plans. Abu Dhabi has already taken some steps to meet increased demand, including via the Dolphin Project importing natural gas from Qatar and putting out for tender a plan to develop the Emirate's significant sour gas reserves. It estimates however, that the volumes of natural gas available to the power sector will be insufficient to meet projected demand. In addition, some Emiratis have noted that oil and gas have more value to Abu Dhabi when sold or used as feedstock than burned to generate power. It is apparent, however, that Abu Dhabi is pursuing this option independently and is not inclined to wait for the rest of the GCC. End Comment.

¶11. (SBU) Bio Note: Hamad Al-Kaabi has a master's degree (2007) in nuclear physics from Purdue University. He works for Abu Dhabi's Executive Affairs Authority and as the advisor on nuclear affairs for the MFA. He is 27 years old and the UAE's only nuclear scientist. He is also the son of MG Ali Mohammed Al-Kaabi, UAE Land Forces Commander. End Bio Note.

¶12. (C) Action Request: Please provide Embassy with comments on the draft white paper as soon as possible. In addition,

ABU DHABI 00000045 003 OF 003

the UAE will be looking for cooperation and assistance and will likely be sending teams to the U.S. (and other countries) for discussions. The issue of nuclear power is very likely to be raised by the UAEG during the upcoming POTUS and Energy Secretary Bodman visits. End Action Request.
SISON